

Item # 4-4B

City of Carson City
Agenda Report

Date Submitted: 07/8/08

Agenda Date Requested: 07/17/08

Time requested: Consent

To: Mayor and Supervisors

From: Al Kramer, Carson City Treasurer

Subject Title: Presentation of Securities Lending Contract for Ratification

Staff Summary: While the Treasurer has the authority to enter into contract concerning the investing of City funds, in order for this contract to be eligible to be a joiner contract allowing other public entities to also join in its terms the contract should be ratified by the governing body.

Type of Action Requested: (check one)
 Resolution Ordinance (First Reading)
 Formal Action/Motion Other (State)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: Make motion to ratify the attached securities lending contract.

Explanation for Recommended Board Action: Treasurer believes that the negotiated contract is one which other government entities would like to participate in. By meeting the standard of a joinable contract, this would aid and abet other entities participation.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 322.115, 322.195

Fiscal Impact: None

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: Not ratify

Supporting Material: Copy of contract

Prepared By: Alvin P. Kramer, Carson City Treasurer

Reviewed By: Nancy Paulson
(Finance Director)

Date: 7-8-08

[Signature]
(City Manager)

Date: 7/8/08

Melanie Burkett
(District Attorney)

Date: 7-8-08

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
_____ 2) _____

(Vote Recorded By)

**SECURITIES LENDING CUSTOMER AGREEMENT
(INDEMNIFIED)**

Agreement, made as of the 9th day of July, 2008, by and between the Consolidated Municipality of Carson City, Nevada ("Customer"), and PFPC Trust Company as custodian for Customer ("PFPC"). Capitalized terms not otherwise defined shall have the meanings set forth in Section 15.

WHEREAS, PFPC is a custodian for Customer under a Custodian Services Agreement dated as of July 9, 2008, as amended (the "Custodian Agreement"), pursuant to which PFPC maintains securities in an account on behalf of Customer (the "Custodian Account"); and

WHEREAS, Customer wishes to utilize PFPC to act as Customer's agent to effect loans of securities maintained in the Custodian Account in accordance with the terms hereof on behalf of Customer;

NOW, THEREFORE, Customer and PFPC, intending to be legally bound, agree as follows:

1. Appointment of PFPC; Terms of Loans.

(a) Customer hereby authorizes and appoints PFPC, and PFPC agrees to act, as Customer's agent to lend Available Securities to Eligible Borrowers pursuant to the terms of this Agreement. During the term of this Agreement, PFPC may from time to time, in its sole discretion, contact Eligible Borrowers on Customer's behalf and lend Available Securities to such Eligible Borrowers. Each such loan ("Loan") shall be made pursuant to and upon the terms and conditions set forth in an agreement ("Borrowing Agreement") substantially in the form of Attachment A hereto, as such form may be amended by PFPC from time to time; provided, however, that no such amendment shall become effective with respect to any Loan until five (5) Business Days after written notice of such amendment to Customer. PFPC will make available to Customer prompt notice of each Loan and shall disclose fully to Eligible Borrowers that PFPC acts as agent for customers and not as principal.

(b) For purposes of this Agreement,

(i) "Eligible Borrowers" shall mean any entity to which Available Securities may be loaned pursuant hereto, as listed in Attachment B hereto, as the same may be amended from time to time by PFPC upon ten (10) Business Days written notice to Customer; provided, that no such amendment shall be effective with respect to any prospective borrower to the addition of which Customer objects by written notice to PFPC within such ten (10) Business Day period.

(ii) "Available Securities" shall mean all securities now or hereafter held or maintained in the Custodian Account other than those that Customer from time to time specifically identifies by written notice to PFPC as being unavailable for Loans. PFPC shall have no authority or responsibility for determining whether any of Customer's securities should be

(iii) to exercise all of the rights of Lender under the Borrowing Agreements and to do all acts, whether or not expressly authorized, which it may deem necessary or proper for the protection of the Collateral (and assets acquired through the investment of cash Collateral); and

(iv) subject to the terms and conditions of the Custodian Agreement, to request a third party bank that would be eligible to act as a sub-custodian under the Custodian Agreement to undertake custodial functions in connection with some or all of the Collateral (and/or assets acquired through the investment of cash Collateral); in connection therewith, PFPC may instruct such third party to establish and maintain one or more accounts for PFPC wherein all cash or other Collateral (and/or assets acquired through the investment of cash Collateral) may be maintained, and to establish and maintain one or more accounts for the Borrowers in any Loans.

(b) Customer acknowledges and agrees that:

(i) PFPC shall have full discretion regarding the selection of the particular Eligible Borrowers to whom Loans of Available Securities may be made and as to the selection of the particular Available Securities loaned in any Loan;

(ii) there is no assurance that Loans of Available Securities will be made at any time;

(iii) PFPC may perform securities lending activities for other clients of PFPC;

(iv) PFPC may allocate securities lending opportunities among its clients, using such reasonable methods as PFPC may follow from time to time;

(v) Customer shall not be entitled to participate in any particular lending opportunities;

(vi) Customer shall have no claim against PFPC for its not having made any minimum volume of Loans or with respect to lending opportunities given to other clients of PFPC, whether or not such opportunities could have been satisfied through Loans of Available Securities;

(vii) PFPC may utilize agents in carrying out its obligations and other activities hereunder; and

(viii) PFPC acts only as agent, not as principal, in effecting the transactions contemplated herein.

3. Collateral; Collateral Accounts.

(a) PFPC shall establish and maintain the Collateral Account for the benefit of Customer and shall maintain all Collateral allocated to the Loans, together with any and all assets

(ii) the execution, delivery and performance by Customer of this Agreement, execution of each Borrowing Agreement by PFPC on behalf of Customer, and PFPC's entering into Loans under Borrowing Agreements on behalf of Customer, have been duly and validly authorized by Customer, and Loans made in accordance with the terms hereof (as well as the execution, delivery and performance by Customer of this Agreement, execution of each Borrowing Agreement by PFPC on behalf of Customer, and PFPC's entering into loans under Borrowing Agreements on behalf of Customer) will comply with, and to the extent so required are authorized under, all laws and regulations, including those of securities regulatory and self-regulatory organizations and the Nevada State Board of Finance, applicable to Customer;

(iii) Customer is authorized to lend securities to brokers, dealers, banks, and other types of entities included in the list of Eligible Borrowers and Customer has the requisite power to perform the obligations imposed on it under this Agreement and any Loan effected pursuant thereto;

(iv) Customer owns, and will own at the time that any Loan is outstanding, all Available Securities free and clear of any lien or encumbrance, and no Available Securities have been, or will at the time of any Loan have been, sold;

(v) Customer has made its own determination as to the tax treatment of any dividends, interest, payments in lieu of dividends or interest on Loaned Securities, remuneration or other funds received hereunder and of any transaction or activity related to this Agreement;

(vi) Customer and any party serving as an investment adviser to Customer have approved the lending of the Available Securities, have determined that each of the Eligible Borrowers, the Eligible Collateral and the Investment Guidelines listed on the Attachments hereto (as the same may be amended pursuant to the terms hereof) are appropriate for Loans hereunder and have directed PFPC to comply with the same, and have determined that lending the Available Securities in accordance with the terms hereof is an appropriate activity for Customer, consistent with its investment objectives and policies;

(vii) the Available Securities are not "plan assets" within the meaning of ERISA and are not assets that are subject to any federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Internal Revenue Code of 1986;

(viii) no Loan of the Available Securities in accordance with the terms hereof will violate any statute, regulation, rule, order, judgment, agreement or arrangement binding on Customer or any of its assets;

(ix) Customer is a "qualified investor" (as defined in section 3(a)(54)(A) of the United States Securities Exchange Act of 1934, as amended) or is an employee benefit plan that owns and invests on a discretionary basis at least \$25,000,000 in investments as contemplated by rule 15a-11 under the Securities Exchange Act of 1934, as amended; and

6. Compensation of PFPC. PFPC shall be compensated for its services hereunder by retaining (and shall be entitled to retain) a portion of the earnings from the investment and reinvestment of cash Collateral and a portion of any loan fees paid by Borrowers in respect of Loans, in accordance with the compensation schedule set forth on Attachment E hereto. Customer authorizes and directs PFPC to deduct amounts equal to such compensation from such earnings and Loan fees or from the Custodian Account and to retain such amounts as compensation. Loan fees paid by Borrowers in respect of Loans shall be at such rates and on such basis as shall be established by PFPC from time to time. PFPC agrees that it will seek in good faith to establish such loan fees at rates that are consistent with then-current industry norms.

7. Modification and Termination of Agreement.

(a) This Agreement is a continuing agreement and shall remain in full force and effect until terminated in accordance with this Section. This Agreement may be modified or terminated at any time upon mutual written agreement of PFPC and Customer, expressly referring to this Agreement and indicating an intention to effect such modification or termination. This Agreement also may be terminated at any time by PFPC or Customer upon three days prior written notice to the other party.

(b) Following any termination of this Agreement, PFPC shall:

(i) immediately cease making new Loans;

(ii) terminate, as promptly as possible, any outstanding Loans, but shall continue to administer any such outstanding Loans as necessary to effect their termination, including, without limitation, (A) the return to Borrowers of Collateral on Loans as to which Loaned Securities are returned to PFPC and the Borrower is not in default, and (B) the co-ordination of the liquidation of Collateral, all in the manner and on the terms permitted under the Borrowing Agreements and deemed necessary or appropriate by PFPC; and

(iii) remit and deliver to the Custodian Account all securities, earnings and other items due to Customer.

(c) Regardless of any agreement as to, or the receipt of any notice of, termination and the cessation of lending, this Agreement shall not entirely terminate until all Loans have been closed, all Collateral liquidated or returned, all deliveries and remittances due Customer have been made, and all final reports required hereunder have been made (or made available by PFPC).

8. Liability of PFPC.

(a) With respect to any Loan, if a Borrower fails to return Loaned Securities promptly upon termination of the Loan and the Collateral for such Loan is not sufficient to satisfy the obligations of such Borrower thereunder, then, subject to the provisions of Section 8(d) and at the option of PFPC, either:

any decline in the Market Value of such Collateral (as invested or reinvested) from the time of the commencement of the Loan, and in the event PFPC elects the option in Section 8(a)(ii), Customer shall pay to PFPC (in addition to any other obligations it may have to PFPC) the amount of such decline in Market Value.

(e) Customer authorizes PFPC to charge the Custodian Account for any amounts payable by Customer pursuant to Section 8(d).

(f) Notwithstanding anything in this Agreement or otherwise to the contrary, (i) PFPC shall have no responsibility to supervise, recommend or otherwise advise Customer relative to the loan of assets in any particular country, nor to advise on any risks related thereto, including without limitation any Country Risk arising in such country and (ii) in no instance will PFPC have any liability or responsibility for any loss or damage which may arise from assets being loaned, traded, custodied or otherwise dealt with in a particular country, including without limitation any loss or damage which may arise from Country Risk.

9. Standard of Care; Indemnification.

(a) PFPC shall be responsible to perform only those duties as are specifically set forth herein, and no duties shall be implied against PFPC. Subject to the obligations of PFPC pursuant to Section 8(a) of the Agreement, PFPC shall not be liable for any loss or damage suffered or incurred by Customer in connection with this Agreement, any Loan, or the administration or operation of PFPC's securities lending program, whether or not resulting from any act or omission to act hereunder or otherwise, unless and except to the extent such loss or damage has been determined by a final judgment of a court of competent jurisdiction to have arisen out of PFPC's own negligence or willful misconduct. Notwithstanding anything in this Agreement or otherwise to the contrary, (i) PFPC shall not be liable to Customer for any consequential, special, indirect or punitive losses or damages which Customer may incur or suffer, whether or not the likelihood of such losses or damages was known by PFPC and (ii) PFPC shall not be liable for any losses or damages beyond PFPC's reasonable control or for any losses or damages resulting from PFPC's having complied with or relied upon any Investment Guidelines or any communications from, or requirements of, Customer (including any sub-adviser of a Sub-account).

(b) Customer shall indemnify and defend PFPC and hold it harmless from and against any and all liabilities, taxes, fines, charges, expenses, assessments, damages and claims (each a "Loss"), including attorneys' fees and disbursements and all other costs of dispute resolution, to which PFPC may be subjected in connection with this Agreement, any Loan, or the administration or operation of PFPC's securities lending program, whether or not resulting from any act or omission to act hereunder or otherwise, except that this indemnity and obligation to defend shall not apply to a particular Loss to the extent that a court of competent jurisdiction in a final order determines that such Loss resulted from PFPC's own negligence or willful misconduct. The costs and expenses, including attorneys' fees, of enforcing this right of indemnification and defense shall be paid by Customer. The terms of this Section 9(b) shall survive termination of the Agreement.

10. Governing Law; Jurisdiction. This Agreement shall be construed in accordance

(d) Each of Customer and PFPC may disclose information relating to this Agreement to the extent such information is requested or required to be disclosed pursuant to a court order, subpoena, governmental or regulatory request or law.

(e) To help the U.S. government fight the funding of terrorism and money laundering activities, U.S. Federal law requires each financial institution to obtain, verify, and record certain information that identifies each person who initially opens an account with that financial institution on or after October 1, 2003. Consistent with this requirement, PFPC may request (or may have already requested) Customer's name, address and taxpayer identification number or other government-issued identification number, and, if such party is a natural person, that party's date of birth. PFPC may also ask (and may have already asked) for additional identifying information, and PFPC may take steps (and may have already taken steps) to verify the authenticity and accuracy of these data elements.

(f) For clarity, in light of the fact that Customer may utilize one or more sub-advisers with respect to the assets of a particular Sub-account and that the assets managed by each separate sub-adviser with respect to a particular Sub-account may be maintained in a separate custodial account by PFPC pursuant to the Custodian Agreement, with respect to any provision of this Agreement which by its terms requires assets to be paid or credited or remitted to a Custodian Account or which by its terms permits assets to be deducted from or permits PFPC to charge a Custodian Account, such reference to the Custodian Account shall be deemed to be a reference to the particular custodial account maintained by PFPC pursuant to the Custodian Agreement from which the securities relating to the related Loan came. Notwithstanding the foregoing provisions of this Section 12(f), at PFPC's option PFPC shall be entitled to enforce any rights it has against a Sub-account against any assets relating to that Sub-account.

13. Notices. All notices, reports and statements shall be mailed, sent by express delivery service, or facsimile transmitted to PFPC or Customer at the following addresses and facsimile telephone numbers (provided that information may also be made available by PFPC by electronic means, including PFPC's web browser):

To PFPC:

Address: Sam Sparhawk, IV
PFPC Trust Company
Securities Lending
8800 Tinicum Boulevard
Philadelphia, PA 19153
Fax: (215) 749-8723

To Customer:

Address: Carson City Treasurer
201 N. Carson St., Ste 5
Carson City, NV 89701
Fax: (775) 887-2102
Attention: Al Kramer

- (j) "Eligible Collateral" shall have the meaning set forth in Section 3;
- (k) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may now or hereafter be amended;
- (l) "Investment Guidelines" shall have the meaning set forth in Section 3;
- (m) "Loan" shall have the meaning set forth in Section 1;
- (n) "Loaned Securities" shall mean, with respect to any Loan, the securities loaned by PFPC hereunder on behalf of Customer; and
- (o) "Market Value" shall mean, with respect to any Collateral or Loaned Securities for any Loan, the market value thereof determined in the manner specified in the related Borrowing Agreement.

16. Separate Agreements. Additional state or municipal entities may be added to this Agreement at the discretion of PFPC and at the discretion of the applicable entity, pursuant to a written agreement between PFPC and such entity and subject to the same terms and conditions as set forth in this Agreement differing only with respect to PFPC's compensation for the services provided to such entity; PFPC's compensation with respect to any such additional entity shall be 40% of the Spread (if cash Collateral) or of the Fee Paid By Borrower (if non-cash Collateral), unless PFPC and such entity agree in writing (in their respective discretions) to different compensation as a result of the portfolio composition of the Sub-accounts of such entity. Each such state or municipal entity shall separately be a "Customer" with respect to this Agreement. This Agreement is entered into separately between PFPC and each separate Customer, and shall be a separate Agreement between PFPC and each separate Customer to the same effect as would be the case if each separate Customer had executed a separate Agreement with PFPC. For clarity and without limiting the generality of the foregoing sentence, (i) any failure of PFPC with respect to a particular Customer (including without limitation any negligence or willful misconduct of PFPC with respect to a particular Customer) shall be applicable solely with respect to that Customer and shall not have any applicability with respect to any other Customer, (ii) any duty, obligation or liability owed or incurred by PFPC with respect to a particular Customer shall be owed or incurred solely with respect to that Customer and shall not in any way create any duty, obligation or liability with respect to any other Customer and (iii) termination of this Agreement with respect to a particular Customer shall not act as a termination of this Agreement with respect to any other Customer. This Agreement shall be interpreted to carry out the intent of the parties to this Agreement that PFPC is entering into a separate Agreement with each separate Customer.

Agreed:

Consolidated Municipality of
Carson City, Nevada

BY: Alvin Kramer
TITLE: Carson City Treasurer

PFPC Trust Company

BY: _____
TITLE: _____

**SECURITIES LOAN AGREEMENT
(BORROWER)**

SECURITIES LOAN AGREEMENT dated July 9, 2008 by and between PFPC Trust Company, as agent for Accounts (in such capacity and not in its individual capacity, "Lender"), and The Consolidated Municipality of Carson City ("Borrower") setting forth the terms and conditions under which Lender, on behalf of one or more Accounts identified in accordance with Section 1.3 may, from time to time, lend to Borrower certain securities held in the Accounts against a pledge of collateral. References to Lender in this Agreement refer only to Lender in its representative capacity as agent for its Accounts and in no case shall be construed so as to render Lender liable as principal. Capitalized terms not otherwise defined herein shall have the meanings provided in Section 29.

Lender and Borrower, intending to be legally bound, agree as follows:

1. Loans of Securities.

1.1 Subject to the terms and conditions of this Agreement, either party hereto may, from time to time, orally seek to initiate a transaction whereby Lender will lend securities to Borrower (each, a "Loan"). The parties shall agree orally on the terms of each Loan, which shall be subject to the terms and conditions of this Agreement and which shall include: (a) the date of commencement of the Loan ("Commencement Date"); (b) a description (including the identity of the issuer) and the amount of the Loaned Securities; (c) the account to which the Loaned Securities are to be transferred; (d) the terms of compensation (including any applicable rebate); (e) the Margin Percentage; (f) the types of Collateral acceptable for the Loan; and (g) the account or accounts to which the cash and non-cash Collateral for the Loan are to be transferred. Such terms may be amended during the term of the Loan upon mutual agreement of the parties, provided that any such amendment is consistent with the terms of this Agreement.

1.2 Each Loan shall be evidenced by Lender's books and records pertaining to such loans, as maintained by Lender in the regular course of its business, which shall represent conclusive evidence thereof except for manifest error or willful misconduct. Lender shall send Borrower monthly statements of outstanding Loans showing Loan activity. Borrower agrees to examine such statements promptly and to advise Lender of any errors or exceptions. Borrower's failure to so advise Lender within twenty (20) days after delivery of any such statement shall be deemed to be Borrower's admission of the accuracy and correctness of the contents thereof and Borrower shall be fully bound thereby. The foregoing shall not be construed to prevent the parties hereto from mutually agreeing to amend or correct such statements if there has been manifest error in the preparation of such statements.

1.3 (a) Prior to initiating any Loan on behalf of an Account, Lender will (i) provide, or cause such Account to provide, to Borrower the name and tax or other industry-

3. Transfer of Collateral

3.1 Prior to or concurrently with the transfer of the Loaned Securities to Borrower, Borrower shall transfer to Lender Collateral having a Market Value in an amount at least equal to the Required Value. "Required Value" shall be an amount equal to the Margin Percentage of the Market Value of the Loaned Securities. The "Margin Percentage" shall be a percentage that is not less than 100% and that, unless otherwise agreed to by the parties, is equal to the percentage specified in Annex I hereto for securities of the same type as the Loaned Securities.

3.2 Unless otherwise agreed between the parties, where any Loaned Securities or Collateral (in the form of securities) are Foreign Securities and are transferred through a book entry transfer or settlement system which automatically generates a payment or delivery, or obligation to pay or deliver, against the transfer of such securities, then:

- (i) such automatically generated payment, delivery or obligation shall be treated as a payment or delivery by the transferee to the transferor, and except to the extent that it is applied to discharge an obligation of the transferee to effect payment or delivery, such payment or delivery, or obligation to pay or deliver, shall be deemed to be a transfer of Collateral made by the transferee until such time as the Collateral is substituted with other Collateral if an obligation to deliver other Collateral existed immediately prior to the transfer of Loaned Securities or Collateral; and
- (ii) the party receiving such substituted Collateral, or if no obligation to deliver other Collateral existed immediately prior to the transfer of Loaned Securities or Collateral, the party receiving the deemed transfer of Collateral shall cause to be made to the other party for value the same day either, where such transfer is a payment, an irrevocable payment in the amount of such transfer or, where such transfer is a delivery, an irrevocable delivery of securities (or other property, as the case may be) equivalent to such property.

3.3 The Collateral transferred by Borrower to Lender in respect of any Loan, as adjusted pursuant to Section 8, shall be security for Borrower's obligations in respect of such Loan and for any other obligations of Borrower to Lender, and Borrower hereby pledges with, assigns to, and grants Lender a continuing first priority security interest in, and a lien upon, the Collateral, which shall attach upon the transfer of the Loaned Securities by Lender to Borrower and which shall cease upon the transfer of the Loaned Securities by Borrower to Lender. In addition to all the rights and remedies given to Lender hereunder, Lender shall have all the rights and remedies of a secured party under the Pennsylvania Uniform Commercial Code ("UCC"), as the same may be amended from time to time.

3.4 Lender may use or invest the Collateral, if such consists of cash, at the risk, and for the benefit, of the Accounts, which shall bear all losses with respect thereto. If the

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3.8.3 It is expressly understood and agreed by the parties hereto that no allocation of Collateral to any Loan or liabilities due to any Account pursuant to the terms hereof shall in any way affect the ability of Lender to apply such Collateral to the satisfaction of any obligation of Borrower hereunder upon any default hereunder, regardless of the Loan or Account to which such obligation relates, and that all Collateral at any time given hereunder shall constitute collateral security for all the Borrower's obligations to Lender hereunder without distinction of any kind and upon any default hereunder may be applied to any such obligation or obligations as Lender in its sole discretion may elect.

3.9 No later than seven days prior to the scheduled expiration date of any Letter of Credit supporting Borrower's obligations hereunder, Borrower shall deliver an extension of the expiration of such Letter of Credit or replace such Letter of Credit by providing Lender with a substitute Letter of Credit in an amount at least equal to the amount of the Letter of Credit for which it is substituted.

4. Fees for Loan.

4.1 Unless otherwise agreed, (a) Borrower agrees to pay Lender a loan fee (a "Loan Fee"), computed daily on each Loan to the extent such Loan is secured by Collateral other than cash, based on the aggregate Market Value, on each day for which such Loan Fee is being computed, of the Loaned Securities so secured, and (b) Lender agrees to pay Borrower a fee or rebate (a "Cash Collateral Fee") on Collateral consisting of cash, computed daily based on the amount of cash held by Lender as Collateral. In the case of each of the Loan Fee and the Cash Collateral Fee, the parties shall agree on the applicable rates therefor. Unless otherwise agreed, Loan Fees shall accrue from and including the date on which the Loaned Securities are transferred to Borrower to, but excluding, the date on which such Loaned Securities are returned to Lender, and Cash Collateral Fees shall accrue from and including the date on which the cash Collateral is transferred to Lender to, but excluding, the date on which such cash Collateral is returned to Borrower.

4.2 Unless otherwise agreed, any Loan Fee or Cash Collateral Fee payable hereunder shall be payable as follows:

(a) in the case of any Loan of securities other than Government Securities, upon the earlier of (i) the fifteenth day of the month following the calendar month in which such fee was incurred or (ii) the termination of all Loans hereunder (or, if a transfer of Loaned Securities or Collateral could not be effected under Section 16 hereof on such fifteenth day or the day of such termination, as the case may be, the next day on which such a transfer may be effected); and

(b) in the case of any Loan of Government Securities, upon the termination of such Loan.

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ATTACHMENT A

Securities and distributions in respect thereof, (d) interest payments, (e) all rights to purchase additional securities, and (f) payments upon maturity or other redemption.

7.2 Any cash distributions made on or in respect of the Loaned Securities, which Lender is entitled to receive pursuant to Section 7.1, shall be paid by the transfer of cash (denominated in the currency of issue for the Loaned Securities, unless otherwise agreed) to Lender by Borrower on the relevant payment date therefor, in an amount equal to such cash distributions (subject to the provisions of Section 7.4), so long as Lender is not then in Default. Non-cash distributions received by Borrower shall be added to the Loaned Securities (unless otherwise agreed by the parties) and shall be considered such for all purposes, except that if the Loan has terminated, Borrower shall forthwith deliver the same to Lender.

7.3 Borrower shall be entitled to receive all cash and non-cash distributions made on or in respect of non-cash Collateral which are not otherwise received by Borrower, to the full extent it would be so entitled if the Collateral had not been delivered to Lender. Any distributions of cash made on or in respect of such Collateral which Borrower is entitled to receive hereunder shall be paid by the transfer of cash (denominated in the currency of issue of the non-cash Collateral, unless otherwise agreed) by Lender to Borrower, upon the date of Lender's receipt thereof, in an amount equal to such cash distribution (subject to the provision of Section 7.4), so long as Borrower is not then in Default.

7.4 (a) If (i) Borrower is required to make a payment (a "Borrower Payment") with respect to cash distributions on Loaned Securities under Sections 7.1 and 7.2 ("Securities Distributions") or (ii) Lender is required to make a payment (a "Lender Payment") with respect to cash distributions on Collateral under Section 7.3 ("Collateral Distributions"), and (ii) Borrower, Lender or their respective custodians, as the case may be ("Payor"), shall be required by law to collect any withholding or other tax, duty, fee, levy or charge required to be deducted or withheld from such Borrower Payment or Lender Payment ("Tax"), then Payor shall pay such additional amounts as may be necessary in order that the net amount of the Borrower Payment or Lender Payment received by Lender or Borrower, as the case may be ("Payee"), after payment of such Tax equals the net amount of the Securities Distribution or Collateral Distribution that would have been received by the Payee if such Securities Distribution or Collateral Distribution had been paid directly to the Payee; provided, however, that any Borrower Payment shall also take into account (and Borrower shall pay such additional amounts which reflect) the value (as specified in a notice by Lender to Borrower) to the Account of any tax refund, reclaim or credit to which such Account would otherwise have been entitled had the Loaned Securities not been loaned.

(b) Each party shall supply to the other notice of such tax information as may be requested by the other to enable it to effect the Borrower Payment or Lender Payment in the required amount, computed as per the immediately preceding paragraphs of this Section 7. Borrower represents that, as of the commencement of any Loan hereunder, no Tax would be imposed on any cash distribution paid to it with respect to Collateral for any Loan, unless Borrower has given notice to the contrary to Lender (specifying the rate at which such Tax would be imposed), and that each party will notify the other party in the event of any change that occurs

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shall be made in accordance with Lender's instructions by no later than the close of the Federal Reserve Wire on the day of demand if such demand is made prior to 10:00 a.m. Philadelphia time on a Business Day; otherwise such transfer shall be made on the next Business Day; provided, however, that any such transfer of additional Collateral comprised of Foreign Securities may be made on the next Business Day. If the additional Collateral to be posted is intended to be through adjustment of a Letter of Credit previously delivered to Lender as Collateral, Borrower agrees to cause the issuing bank to amend the original Letter of Credit by delivery of an amended Letter of Credit to Lender within the applicable time period described in the preceding sentence.

8.3 In the event that at the close of trading on any Business Day the Market Value of all Collateral for a Loan shall be greater than the Required Value (a "Margin Excess"), Borrower may, by notice (which may be oral) to Lender, demand that Lender transfer to Borrower such amount of the Collateral selected by Borrower so that the Market Value of the Collateral for such Loan, after deduction of such amount, shall not exceed the Required Value. Unless otherwise agreed, such transfer shall be made in accordance with Borrower's instructions by no later than the close of the Federal Reserve Wire on the day of demand if such demand is made prior to 10:00 a.m. Philadelphia time on a Business Day; otherwise such transfer shall be made on the next Business Day; provided, however, that any such transfer of Collateral comprised of Foreign Securities may be made on the next Business Day. If Lender is requested to return to Borrower a portion of any security constituting Collateral, Borrower shall, at the oral request of Lender, take all such action as is necessary to cause such security to be reissued in such denominations as are required to permit such a partial return, and in such case Lender shall not be obligated to return Collateral hereunder unless and until such action has been taken and may make required returns of Collateral hereunder by returning such securities in such amounts as are, as nearly as practicable, equal to but not greater than the required return. The return to Borrower of securities the Market Value of which on the date on which the requirement to return the same was established was then sufficient to comply with such requirement of return shall be in full compliance with this Agreement and a full discharge of Lender's obligation to make such return, notwithstanding the fact that, at the date of such return the Market Value of any such securities, may have declined. Where Collateral is in the form of a Letter of Credit, Lender agrees to promptly consent to a reduction in the undrawn balance of the Letter of Credit sufficient to eliminate the Margin Excess, provided that Borrower delivers to Lender an amended Letter of Credit within the time period described in the second sentence of this Section 8.3.

8.4 Borrower and Lender may agree, with respect to one or more Loans hereunder, to mark the values to market pursuant to Sections 8.1 and 8.2 by valuing the Loaned Securities lent and the Collateral given in respect thereof on an Account-by-Account basis.

8.5 Borrower and Lender may agree, with respect to any or all Loans hereunder, that the respective rights of Lender and Borrower under Sections 8.2 and 8.3 may be exercised only where a Margin Excess or Margin Deficit exceeds a specified dollar amount or a specified percentage of the Market Value of the Loaned Securities for such Loans (which amount or percentage shall be agreed to by Borrower and Lender prior to entering into any such Loans). In no event, however, shall such an agreement preclude Lender from exercising its rights under

9.7 Lender represents and warrants that as to each Account, such Account has represented and warranted to it that (a) such Account has duly authorized Lender, as agent, to execute and deliver this Agreement on its behalf, and to enter into Loans on its behalf, and (b) such Account has the requisite power to perform, and has been duly authorized to perform, the obligations imposed hereunder and under any Loan effected pursuant hereto.

9.8 Notwithstanding any other provision of this Agreement, each of the representations and warranties set out in Section 2.2 and in this Section 9 shall be deemed made and repeated for all purposes at the time that any Loan is made and to be in effect as of all times when Borrower's obligations with respect to any Loan remain outstanding.

10. Covenants.

10.1 Financial information shall be delivered as follows:

10.1.1 If Borrower is not a broker-dealer registered under the Exchange Act, it covenants as follows: Upon execution of this Agreement, Borrower shall deliver to the Lender Borrower's and any parent company's most recent available financial information, including (without limitation) the most recent available audited and unaudited statements of Borrower's and any parent company's financial condition that Borrower or such parent company is required to provide to any governmental agency or self regulatory body. As long as any Loan is outstanding under this Agreement, Borrower will promptly deliver to Lender all such financial information that is subsequently available, and any other financial information or statements that Lender may reasonably request.

10.1.2 If Borrower is a broker-dealer registered under the Exchange Act, it covenants as follows: Upon execution of this Agreement, Borrower shall deliver to Lender the most recent statements of Borrower required to be furnished to Borrower's customers by Rule 17a-5(c) and (d) under the Exchange Act. As long as any Loan is outstanding under this Agreement, Borrower shall promptly deliver to Lender all such statements subsequently required to be furnished to Borrower's customers by such Rule (or any successor thereto). Upon execution of this Agreement, Borrower shall also deliver to Lender Borrower's and any parent company's most recent financial information otherwise available to its shareholders, the SEC, or the public, as the case may be including (without limitation) the most recent available audited and unaudited statements of Borrower's or any parent company's financial condition and any report or notice required by Rules 17a-5(a) (2) (i) and (ii) and 17a-11 under the Exchange Act. As long as any Loan is outstanding under this Agreement, Borrower will promptly deliver to the Lender all such financial information that is subsequently available.

10.2 Borrower shall be liable as principal with respect to its obligations hereunder.

10.3 Borrower shall at all times in respect of each Loan effected pursuant hereto maintain Collateral having a Market Value at least equal to the Required Value.

(i) determining whether the Accounts are creditworthy and otherwise eligible or desirable as Loan counterparties; (ii) monitoring Borrower's credit exposure level to each Account; (iii) calculating Borrower's regulatory capital exposure to each Account; and (iv) compliance by Borrower with applicable regulatory requirements, including without limitation compliance with rules relating to financial responsibility, books and records, net capital, and internal and supervisory controls (the "Permitted Purposes");

(b) Borrower will limit the distribution of the Account Information within Borrower's organization to only its credit, risk management, senior management, regulatory reporting and compliance personnel who perform functions constituting a part of the Permitted Purposes. The term "Borrower's organization" as used in this paragraph shall include personnel from those of Borrower's affiliates that assist Borrower with the Permitted Purposes;

(c) Borrower will maintain the Account Information in confidence and will not disclose the Account Information to any third party without the consent of Lender; provided, however, that Borrower may disclose the Account Information: (i) on a confidential basis to its attorneys and auditors; (ii) to the extent required by subpoena, court order or request from a regulatory body with jurisdiction over Borrower; or (iii) as otherwise required by law or regulation. Notwithstanding the foregoing, Borrower will not be required to keep Account Information confidential to the extent that it: (i) becomes publicly known through means other than a breach of this Agreement by Borrower; (ii) was in the possession of Borrower prior to receipt thereof from the Lender or the Account; or (c) is independently learned, obtained or developed by Borrower without violating the terms of this Agreement;

(d) Borrower acknowledges and agrees that Lender will be obtaining the Account Information from the Accounts, that Lender makes no representations or warranties as to, and is not responsible for, the accuracy or completeness of any Account Information, and that Borrower is not relying on Lender to have performed any review of the Account Information for any purpose or to assure the creditworthiness of any Account;

(e) Borrower acknowledges and agrees that money damages would not be a sufficient remedy for any breach of this Section 10.9 and that Lender shall be entitled to seek an injunction as a remedy for any such breach, provided however, that such remedy shall not be deemed to be Lender's exclusive remedy for any such breach but shall be in addition to all other remedies available to Lender at law or in equity; and

(f) Borrower's agreements as set forth in this Section 10.9 shall survive the termination of this Agreement for a period of one (1) calendar year after said termination.

11. Events of Default. All Loans between Borrower and Lender may, at the option of the non-defaulting party exercised by notice to the defaulting party (which option shall be deemed to have been exercised, even if no notice is given, immediately upon the occurrence of an event specified in Section 11.6 below), be terminated immediately upon the occurrence of any one or more of the following events (individually, a "Default"):

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11.10 Borrower or Lender (a) notifies the other, orally or in writing, of its inability to or its intention not to perform its obligations hereunder; or (b) otherwise disaffirms, rejects or repudiates any of its obligations hereunder;

11.11 Borrower or Lender (a) shall fail to perform any material obligation under this Agreement not specifically set forth in this Section 11, including but not limited to the payment of fees as required by Section 4, and the payment of transfer taxes as required by Section 14, (b) shall have received notice of such failure from the non-defaulting party, and (c) shall not have cured such failure by the next day after such notice on which a transfer of funds, Loaned Securities or Collateral, as the case may be, could be effected pursuant to Section 16.4 hereof;

11.12 Borrower or any Affiliate of Borrower shall default under any other securities loan agreement with PFPC Trust Company or any Affiliate of PFPC Trust Company; or

11.13 A party to this Agreement ("X") consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, another entity and (a) the resulting, surviving or transferee entity has not assumed all the obligations of X under this Agreement pursuant to an agreement reasonably satisfactory to the other party or (b) the financial condition of the resulting, surviving or transferee entity is, in the judgment of the other party, materially weaker than that of X prior to such transaction.

12. Lender's Remedies.

12.1 If:

(a) any Default shall occur involving Borrower or an Affiliate of Borrower under Section 11 hereof; or

(b) as a result of any bankruptcy, insolvency, liquidation, reorganization, or other similar proceeding relating to Borrower or pursuant to any legal requirement, including without limitation any laws relating to so-called voidable transfers or preferential payments, Lender becomes obligated to return, or is otherwise deprived of its rights to, any Loaned Securities after their return to Lender, or Lender is in any way required to pay their value or any related sum over,

Lender shall have the right, in addition to any other remedies provided herein or under applicable law or in equity and without further notice to Borrower:

(i) to purchase, in a commercially reasonable time and manner (taking into consideration the nature of the market for the Loaned Securities), a like amount of the Loaned Securities ("Replacement Securities") in the principal market for such securities; or

(ii) to sell a like amount of Loaned Securities in the principal market for such Loaned Securities in a commercially reasonable time and manner (taking into consideration the nature of the market for the Loaned Securities) or to treat the Collateral as having been purchased by Lender at a purchase price equal to the Market Value thereof on the day of the Default; and

(iii) to apply and set off the Loaned Securities and any proceeds thereof against the payment of the purchase price for any Replacement Collateral, Lender's obligation to return any cash or other Collateral and any amounts due Borrower under Sections 4, 7 and 17 hereof. Borrower may also apply the Loaned Securities and any proceeds thereof to any other obligation of Lender or the Account under this Agreement, including Lender's obligations with respect to distributions paid to Lender (and not forwarded to Borrower) in respect of Collateral.

In the event that Borrower exercises such rights, Lender's obligation to return a like amount of Collateral shall terminate; provided, however, that, where Collateral consists of a Letter of Credit, upon the exercise or deemed exercise by Borrower of its termination rights under Section 11, Lender shall immediately return the Letter of Credit to Borrower, and Borrower shall return to Lender the Loaned Securities or an amount equal to the net proceeds from the sale (or deemed sale) of the Loaned Securities in the manner described above, reduced by any other amounts owed by the Account to Borrower.

13.2 In the event the sales price received from such Loaned Securities is less than the purchase price of Replacement Collateral (plus the amount of any cash and the Market Value of any other Collateral not replaced by Borrower on the date that the Loaned Securities are sold, and all amounts due to Borrower hereunder), the Account shall be liable to Borrower for the amount of such deficiency, together with interest on such deficiency at a per annum rate that, in the case of Collateral consisting of Foreign Securities, is equal to LIBOR, and in the case of Collateral consisting of any other securities and all other amounts due to Borrower hereunder, that is equal to the Fed Funds Rate, in each case as such rates fluctuate from day to day, from the date of such sale until the date of payment of such deficiency. Borrower shall have, and Lender as agent for the Account hereby grants to Borrower, as security for the Account's obligation to pay such excess, a security interest in any property of the Account (including, without limitation, the Loaned Securities) then held by Borrower and a right of setoff against such property and against any other amount payable by Borrower to Lender in respect of such Account arising hereunder. The purchase price of any Replacement Collateral purchased under this Section 13 shall include, and the proceeds of any sale of any Loaned Securities shall be determined after the deduction of, broker's fees, taxes and commissions and all other reasonable costs, fees and expenses related to such purchase or sale or to the exercise of Borrower's remedies including, without limitation, reasonable legal fees and expenses. Upon the satisfaction of all the Account's obligations hereunder, any remaining Loaned Securities (or remaining net cash proceeds from sale or deemed sale thereof) shall be returned to Lender.

Lender, the creditworthiness of the issuer of any Letter of Credit has been or may be impaired, then, upon notice to Borrower, the Market Value of such Letter of Credit shall be zero.

15.6 Unless otherwise agreed, where the Loaned Securities in respect of a Loan are denominated in a currency other than the currency in which the related Collateral is denominated, the currency which shall be applicable for purposes of determining Market Value shall be the currency in which the Collateral is denominated (the "Contractual Currency"), and any Loaned Security not denominated in the Contractual Currency shall be converted into a Contractual Currency equivalent based on the most current spot rate of exchange quoted by the independent source of exchange rates as notified to Borrower by Lender upon Borrower's request. Such notification may be oral.

16. Transfers.

16.1 All transfers by either Borrower or Lender of Loaned Securities or Collateral consisting of "financial assets" (within the meaning of the UCC) hereunder shall be by (a) in the case of certificated securities, physical delivery of certificates representing such securities together with duly executed stock and bond transfer powers, as the case may be, with signatures guaranteed by a bank or a member firm of the New York Stock Exchange, Inc., (b) registration of an uncertificated security in the transferee's name by the issuer of such uncertificated security, (c) the crediting by a Clearing Organization or other "securities intermediary" (within the meaning of the UCC) of such financial assets to the transferee's "securities account" (within the meaning of the UCC) maintained with such Clearing Organization or "securities intermediary" (within the meaning of the UCC), or (d) such other means as Borrower and Lender may agree. For avoidance of doubt, the parties agree and acknowledge that the term "securities," as used in this Agreement (except in this Section 16.1), shall include any "security entitlements" with respect to such securities within the meaning of the UCC). In every transfer of "financial assets" (within the meaning of the UCC) hereunder, the transferor shall take all steps necessary (i) to effect a delivery to the transferee under Section 8-301 of the UCC, or cause the creation of a security entitlement in favor of the transferee under Section 8-501 of the UCC, (ii) to enable the transferee to obtain "control" (within the meaning of Section 8-106 of the UCC), and (iii) to provide the transferee with comparable rights under any applicable foreign law or regulation or under any amended version of Article 8 of the UCC that may hereafter be in effect.

16.2 All transfers of cash hereunder shall be by (a) wire transfer in immediately available, freely transferable funds or (b) such other means as Borrower and Lender may agree.

16.3 All transfers of a Letter of Credit from Borrower to Lender shall be made by physical delivery of the Letter of Credit to Lender. Transfer of a Letter of Credit from Lender to Borrower shall be made by causing such Letter of Credit to be returned or by causing the amount of such Letter of Credit to be reduced to the amount required after such transfer.

16.4 A transfer of securities, cash or Letters of Credit may be effected under this Section 16 on any day except (a) a day on which the transferee is closed for business at its

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meaning of 29 C.F.R. Section 2510.3-21(c)) with respect to the assets of the Plan involved in the Loan. For purposes hereof, "Plan" shall mean (a) any "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 which is subject to Part 4 of Subtitle B of Title I of such Act; (b) any "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986; or (c) any entity the assets of which are deemed to be assets of any such "employee benefit plan" or "plan" by reason of the Department of Labor's plan asset regulation, 29 C.F.R. Section 2510.3-101.

19. Obligations to be Separate. Each and every obligation, liability or undertaking of an Account with respect to any Loan shall be solely an obligation, liability or undertaking of, and binding upon, the Account for which such Loan is made and shall be payable solely from the available assets of such Account. No such obligation, liability or undertaking shall be binding upon or affect any other Account or, in the case of an Account that is a portfolio, series or sub-trust of an investment company registered as such under the Investment Company Act of 1940, be binding upon or affect any assets of any other portfolio, series or sub-trust of such investment company. Without limitation of Lender's obligations to Borrower under Sections 1.2 and 1.3 hereof, neither PFPC Trust Company (in its individual capacity) nor any Affiliate thereof shall have any liability to Borrower whatsoever in respect of any Loan, it being understood and agreed that Borrower shall have recourse solely to the Account in the event of the occurrence of a Default involving the Account.

20. Indemnification. Borrower agrees to indemnify and hold harmless Lender and the Account (including the sponsor and fiduciaries of any Account which is a Plan) from any and all damages, losses, liabilities, claims, costs and expenses (including attorneys' fees) which Lender or the Account may incur or suffer arising in any way out of the use by Borrower of Loaned Securities or any failure of Borrower to deliver Loaned Securities in accordance herewith or to otherwise comply with the terms of this Agreement.

21. Calculations. Except as provided in Section 8.1, all determinations of the Market Value of securities, Collateral, or other property or amounts for any purpose under this Agreement shall be made in good faith by Lender.

22. Limitation of Liability. With respect to each Account that has represented to the Lender that it is a business trust, notice is hereby given that this instrument is executed by Lender as agent on behalf of the Trustees of each such Account as Trustees and not individually and that the obligations of such Account under this instrument are not binding upon any of the Trustees or shareholders of such Account individually but are binding only upon the assets and property of each such Account.

23. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to the conflict of laws principles thereof. Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or Federal court located in Philadelphia, Pennsylvania; provided, that nothing contained in this Agreement will prevent Lender from bringing any action, enforcing any award or judgment or exercising any rights against Borrower individually, against any security or

an instrument in writing specifically referring hereto, signed by the party against whom enforcement is sought.

28.2 Borrower authorizes Lender to record any and all telephonic or other oral communications given or received by Lender. Borrower is hereby informed that telephonic communications made to or from Lender's trading desk and/or operations department will be recorded.

29. Definitions. For the purposes hereof:

29.1 "Account" means, with respect to any Loan, the account for which Lender is acting as agent in making the Loan.

29.2 "Affiliate" shall mean any entity which controls, is controlled by, or is under common control with another entity.

29.3 "Bankruptcy Code" shall have the meaning set forth in Section 10.6.

29.4 "Borrower" shall have the meaning set forth in the introduction.

29.5 "Borrower Payment" shall have the meaning set forth in Section 7.4.

29.6 "Business Day" shall mean, with respect to any Loan hereunder, any day (other than a Saturday or Sunday) recognized as a settlement day in the principal market in which the Loaned Securities are traded, provided, however, that for the purposes of computing Market Value in Section 15, "Business Day" shall mean a day on which regular trading occurs in the principal market for the securities whose value is being determined. Notwithstanding the foregoing, for purposes of marking to market in Section 8, "Business Day" shall mean any day (other than a Saturday or Sunday) (a) on which regular trading occurs in the principal market for any Loaned Securities or for any securities Collateral under any outstanding Loan or (b) on which transfers of cash Collateral may be effected by Lender and Borrower (or any nominee or agent thereof).

29.7 "Cash Collateral Fee" shall have the meaning set forth in Section 4.1.

29.8 "Clearing Organization" shall mean (a) The Depository Trust Company or any other domestic clearing agency registered with the United States Securities and Exchange Commission; (b) a Federal Reserve Bank, to the extent that it maintains a book-entry system; (c) with respect to Foreign Securities, Euroclear, Clearstream and any other securities depository or clearing agency approved by Lender that is incorporated under the laws of a country other than the United States and that is authorized to act as a securities depository or clearing agency; or (d) if agreed to by Borrower and Lender, such other "securities intermediary" (within the meaning of the UCC) at which Borrower (or Borrower's agent) and Lender (or Lender's agent) maintain accounts.

Corporation or is a foreign bank that has filed an agreement with the Board of Governors of the Federal Reserve System on Form FR T-2 (or any successor).

29.20 "LIBOR" shall mean for any date, the offered rate for deposits in U.S. dollars for a period of three months which appears on the Reuters Screen LIBOR page as of 11:00 A.M., London time, on such date (or, if at least two such rates appear, the arithmetic mean of such rates).

29.21 "Loan" shall have the meaning set forth in Section 1.1.

29.22 "Loan Fee" shall have the meaning set forth in Section 4.1.

29.23 "Loaned Securities" shall mean any security (as defined in the Exchange Act) that is transferred in a Loan until such security (or an identical security) is transferred back to Lender hereunder, except that if any new or different security shall be exchanged for any Loaned Security by recapitalization, merger, consolidation or other corporate action, such new or different security shall, effective upon such exchange, be deemed to become a Loaned Security in substitution for the former Loaned Security for which such exchange is made. For purposes of the return of Loaned Securities by Borrower or purchase or sale of securities in connection with the exercise of Lender's or Borrower's remedies hereunder, such term shall include securities of the same issuer, class and quantity as the Loaned Securities, as adjusted pursuant to the preceding sentence.

29.24 "Margin Deficit" and "Margin Excess" shall have the meanings set forth in Sections 8.2 and 8.3, respectively.

29.25 "Margin Percentage" shall have the meaning set forth in Section 3.1.

29.26 "Margin Regulations" shall have the meaning set forth in Section 9.4.

29.27 "Market Value" shall mean market value determined in accordance with Section 15.

29.28 "Plan" shall have the meaning set forth in Section 18.

29.29 "Required Value" shall have the meaning set forth in Section 3.1.

29.30 "Securities Distributions" shall have the meaning set forth in Section 7.4.

29.31 "SIPA" shall mean the Securities Investor Protection Act.

29.32 "Tax" shall have the meaning set forth in Section 7.4.

29.33 "Transfer" or "transfer" of cash, securities or Letters of Credit by Lender to Borrower or by Borrower to Lender shall mean a transfer effected in accordance with Section 16.

ANNEX I

<u>Type of Loaned Securities</u>	<u>Margin Percentage</u> ^{1/}
Foreign equity and corporate securities	105%
United States equity and corporate securities (including American Depository Receipts)	102%
Government Securities	102%
Foreign government and agency securities	105%

^{1/}Pursuant to Section 3.1.

ELIGIBLE COLLATERAL

(Capitalized terms have the same meanings as in the Agreement.)

<u>Type of Collateral</u>	<u>Yes</u>	<u>No</u>
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A. Cash in the following currencies:

- | | | |
|------------------|---|---|
| (1) U.S. dollars | X | |
| (2) Other: _____ | | X |

B. Government Securities X

C. Letters of Credit X

D. Other Investments, as described below:

1. Money market instruments, including:

2. _____

COMPENSATION SCHEDULE

FOR SECURITIES LENDING CUSTOMER AGREEMENT

PFPC Fee:
25% of the Spread (if cash Collateral) or of the Fee Paid By Borrower (if non-cash Collateral).

METHOD OF CALCULATION - EXAMPLE

Cash Collateral

Investment Rate (hypothetical)	8%
Rebate to Borrower (negotiated)	6%
Spread	2%

<u>Loan Size</u>	<u>Days Open</u>	<u>Income on Investment*</u>	<u>Rebate</u>	<u>Spread</u>	<u>PFPC Fee</u>	<u>Income to Customer</u>
\$500,000	8	\$889.89	\$666.67	\$222.22	\$55.56	\$166.66

* Formula:
$$\frac{\text{Loan Value} \times \text{Investment Rate} \times \# \text{ Days Open}}{360}$$

Non-Cash Collateral

Fee Paid by Borrower (negotiated)	1.5%
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<u>Loan Size</u>	<u>Days Open</u>	<u>Fee Paid By Borrower**</u>	<u>PFPC Fee</u>	<u>Income to Customer</u>
\$500,000	8	\$166.66	\$41.67	\$124.99

** Computation:
$$\frac{\text{Loan Value} \times \text{Fee Rate} \times \# \text{ of Days Open}}{360}$$